

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0154P

Gross Income Tax

Fiscal Years Ended 08/31/96, 08/31/97, 08/31/98

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer leases vehicles throughout the United States and had no business location in the State of Indiana. Taxpayer has leased vehicles in the state and was previously audited in 1994.

Taxpayer protests the penalty and states the assessments in the current audit do not result from any willful disregard for tax laws or regulations, but from personnel changes. Instead of accumulating and reporting all vehicle sales occurring within Indiana, only sales subject to sales tax were reported as Indiana gross income. Vehicle sales exempt from sales tax were erroneously omitted and this oversight was discovered during the auditor's examination. Procedures are now established to assure the timely payment of the gross income tax from all vehicles sold within Indiana.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty for failure to include all Indiana sales for gross income tax, the issue which was in the prior audit dated January 21, 1994.

Taxpayer, in a letter dated June 19, 2001 protested penalties assessed because there was no negligence or intentional disregard of Indiana tax regulations.

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Taxpayer, however, failed to include all of its Indiana sales in gross income as required, which was the issue in a prior audit.

Taxpayer has not provided reasonable cause for its failure to report all Indiana income. The Department finds that a negligence penalty is proper.

FINDING

Taxpayer's protest is denied.

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